

Fact Sheet

IRS Clarifies Office of Appeals Policies

Background/Purpose:

The Appeals Judicial Approach and Culture (AJAC) project was started in 2012 to ensure the policies and practices of the Office of Appeals (Appeals) are consistent with its mission. The role of Appeals is to settle disputes on a fair and impartial basis that favors neither the government nor the taxpayer. Appeals should not perform compliance actions. Rather, Appeals' role is to attempt to settle a case after IRS compliance functions (which include Accounts Management, Collection, and Examination) have made a determination to which the taxpayer does not agree.

The policy changes that originated under the AJAC project have been implemented in phases since 2012. The guidance addressing the last phase of changes has been issued and these changes are now in effect.

In general, the policies ensure that the IRS compliance functions are the finders of fact and Appeals does not take investigative actions. These changes ensure taxpayers have a true appeal right – where Appeals reviews a final determination made by a compliance function.

Key Collection Changes:

- Appeals will not take investigative actions with respect to financial information provided by taxpayers. Financial information needing investigation or verification will be sent to Collection.
- Appeals will only consider assets that were documented by Collection or introduced by the taxpayer.
- Appeals will accept as “verified” those financial statements reviewed by Collection within the previous 12 months.
- Appeals will not make recommendations to file Notices of Federal Tax Lien.
- All Offers in Compromise (OIC) submitted in Collection Due Process (CDP) or Equivalent Hearings will be reviewed by Collection for a preliminary recommendation or acceptance.

- In non-CDP OIC cases, Appeals will only determine the acceptability of the OIC and will not offer other collection alternatives.

The Collection interim guidance can be found [here](#). The latest changes are effective for all Collection cases, Collection Information Statements and significant information received by Appeals on or after Aug. 11, 2014.

Key Examination Changes:

- Appeals will attempt to settle a case on factual hazards when not fully developed by Examination (i.e., cases will not be sent back to Examination for further development).
- Appeals will not raise new issues or reopen issues on which the taxpayer and Examination have reached an agreement, with limited exceptions.
- Most new case receipts in Appeals must have at least one year remaining on the statute of limitations.
- Appeals will return non-docketed cases to Examination when a taxpayer submits new information or evidence or raises a new issue that merits investigation or additional analysis.
- For most work streams, Appeals will engage Examination for review and comment when a taxpayer raises a relevant new theory or alternative legal argument.

The Examination interim guidance can be found [here](#). The latest changes are effective for new Appeals' case receipts on or after Sept. 2, 2014.

What taxpayers need to know:

- Taxpayers and their representatives are encouraged to fully cooperate with IRS compliance functions during the development of the case so a file is complete when coming to Appeals.
- When appealing a compliance function's decision, taxpayers should be specific in their tax appeal on the item(s) in dispute.
- The introduction of new information in Appeals may result in Appeals releasing jurisdiction and returning the file to compliance.
- These changes will help preserve an impartial appeal right for taxpayers when the Office of Appeals is reviewing a compliance determination.

- We know there will be a period of transition as the policies are implemented.
- Additional changes with respect to docketed cases are in process and will be implemented at a later date.